

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF MISSISSIPPI

IN RE:

CASE NO. 14-01048-NPO

NATCHEZ REGIONAL MEDICAL CENTER

CHAPTER 9

DEBTOR

REPORT OF LIQUIDATION TRUST

In connection with the Status Conference set for Wednesday, March 23, 2016, H. Kenneth Lefoldt, Jr., Trustee of the Natchez Regional Medical Center ("Debtor") Liquidation Trust ("Trust"), submits the following information:

1. Financial Condition of the Trust.

(a) Attached as Exhibit 1 is the current financial condition of the Trust;

(b) Items that are not included on the balance sheet are the following:

1. A claim possessed by the Trust by amending the prior cost reports and filing a final cost report to accurately reflect bad debt for the period 2007-2015. The bad debt was never recognized by the hospital in its cost reports. Estimated value is \$250,000.00;
2. The balance in the Escrow Account established pursuant to the Plan. At present, the balance in the account is \$3,500,000.00. CHS has requested the Escrow Agent remit an additional \$500,000.00 in connection with recoupment claims asserted by CMS against CHS applicable to the preclosing period. The Trust is in discussions with CHS over the request and other issues relating to the account;
3. The largest negative variance between the projected waterfall and actual waterfall is with respect to the collection of Debtor's accounts receivables. The reasons for the difference are issues relating to the Foundation Receivables; and
4. The positive difference is the collection of DSH funds from CMS. The waterfall did not project the receipt of any DSH payments, however, the Trust has collected about \$890,000.00 to date.

2. Payments to Creditors and Exit Loan.

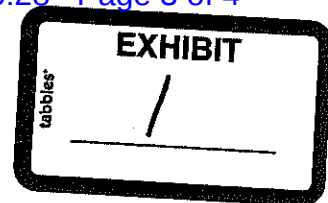
- (a) Exhibit 2 is presented to illustrate the payments by classes that have been made to date. The Trust has satisfied in full the claims of all classes of creditors with the exception of the various Unsecured Creditor classes; and
- (b) In connection with the exit loan from Regions Bank, the Trust has paid \$690,000.00 on the loan out of the funds held by the Trust under the Plan. The Trust is required to distribute an additional \$310,000.00 to Regions Bank before it can make distributions to creditors. Thereafter, the next \$1,000,000.00 will be paid to the Unsecured Creditors. Thereafter, Regions Bank and the creditor body will share 50/50 on all distributions.

Dated: March 21, 2016

Respectfully submitted by,

/s/Douglas S. Draper
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Medical Center Liquidation Trust



**NATCHEZ REGIONAL MEDICAL CENTER
LIQUIDATING TRUST**

OCTOBER 1, 2014 - FEBRUARY 29, 2016

	<u>OCTOBER 1, 2014 - JULY 10, 2015</u>	<u>July 11, 2015 - February 29, 2016</u>	<u>October 1, 2014 - February 29, 2016</u>	<u>PER WATERFALL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Opening Cash Balance	\$ 1,668,313	\$ 1,389,024	\$ 1,668,313	\$ 1,672,628	\$ (4,315)
Cash Receipts:					
Patient Accounts Receivable	3,225,759	290,253	3,516,012	4,187,220	(671,208)
Cost to Collect Accounts Receivable	(101,855)	(75,498)	(177,353)	(251,233)	73,880
DSH Payments	556,341	333,728	890,069	-	890,069
Meaninful Use	929,158	-	929,158	1,000,000	(70,842)
RAC Recoveries	143,565	-	143,565	800,000	(656,435)
Butler Snow Refund of Case Cost	-	30,000	30,000	-	30,000
Insurance Refund	-	34,266	34,266	-	34,266
Working Capital Settlement	63,552	-	63,552	-	63,552
	<u>\$ 4,816,520</u>	<u>\$ 612,749</u>	<u>\$ 5,429,269</u>	<u>\$ 5,735,987</u>	<u>\$ (306,718)</u>
Cash Disbursements:					
Contracts Assumed By Buyer	825,988	-	825,988	813,843	(12,145)
Assumed Contract - CMS	-	218,292	218,292	218,291	(1)
Accrued Salaries & Wages & PTO	499,527	-	499,527	387,784	(111,743)
Accounts Payable - Post Petition	567,998	5,346	573,344	729,212	155,868
Other Post Petition Liabilities	270,789	-	270,789	270,789	-
Contingency For General Accrual	300,000	-	300,000	300,000	-
Financed Insurance Premiums	102,224	-	102,224	121,670	19,446
NRMC/Benefit Management	374,191	-	374,191	660,306	286,115
NRMC/Benefit Management-IBNR	24,268	-	24,268	504,000	479,732
PERS Post Petition	284,895	-	284,895	265,148	(19,747)
Class III - Convenience Claims	34,634	-	34,634	34,634	-
Case Costs for Professionals	1,402,563	10,167	1,412,730	1,077,685	(335,045)
Fees for Trustee and Counsel	408,732	309,988	718,720	375,000	(343,720)
Repayment of Adams County Loan	-	690,000	690,000	1,000,000	310,000
	<u>5,095,809</u>	<u>1,233,793</u>	<u>6,329,602</u>	<u>6,758,362</u>	<u>428,760</u>
Ending Cash Balance	<u>\$ 1,389,024</u>	<u>\$ 767,980</u>	<u>\$ 767,980</u>	<u>\$ 650,253</u>	<u>\$ 117,727</u>

CREDITOR PAYMENT CHART

1. Administrative Claims
 - a. Claim Amounts \$3,841,968 (1)
 - b. Amount Paid \$3,841,968
2. Exit Loan
 - a. Claim Amount \$3,000,000
 - b. Amount Paid \$ 690,000
3. Cure Payments
 - a. Claim Amounts \$1,044,280
 - b. Amount Paid \$1,044,280
4. Indenture Trustee
 - a. Claim Amount \$15,100,579
 - b. Amount Paid \$15,100,579
5. General Unsecured Convenience Claims
 - a. Claim Amounts \$34,634
 - b. Amount Paid \$34,634
6. General Unsecured Claims (includes rejection damage claims, tort claims for which there is no insurance coverage and employment claims for which there is no EPLI insurance coverage)
 - a. Claim Amounts \$6,168,923 (2)
 - b. Amount Paid -0-
 - (1) Includes Post-Petition Salaries & Wages, Accounts Payable & Accrued Expenses, Health Benefits, PERS and Case Cost for Professionals through the Chapter 11 Confirmation.
 - (2) Includes Pre-Petition PERS, Health Benefits and Accounts Payable